

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE APPLICATION FOR RATE	)	
INCREASE OF THE BEAVER-ELKHORN	)	CASE NO. 9390
WATER DISTRICT	)	

O R D E R

IT IS ORDERED that Beaver-Elkhorn Water District ("Beaver-Elkhorn") shall file an original and 7 copies of the following information with this Commission, with a copy to all parties of record, within 2 weeks of the date of this Order. If neither the requested information nor a motion for an extension of time is filed by the stated date, the Commission may dismiss the case without prejudice. Beaver-Elkhorn shall furnish with each response the name of the witness who will be available at the public hearing for responding to questions concerning each item of information requested.

1. For each employee and commissioner of Beaver-Elkhorn, provide the following information for the test year:

- a. The name, title, and total compensation received during the test period. Include a description and the amount of any fringe benefits paid for each employee and commissioner.
- b. Total number of regular and overtime hours worked.
- c. A complete description of the duties and responsibilities of each employee and commissioner.

d. For each employee and commissioner, provide an analysis showing changes in the level of wages and other compensation, from January 1, 1983, to the present. The analysis should include the date, the amount and the percentage of each change.

e. For each commissioner, provide the approximate amount of time required monthly to fulfill his duties and responsibilities in official utility business.

2. Provide the date of each commissioners' meeting held during the test period and indicate the total number of commissioners in attendance at each meeting.

3. Provide an explanation as to why test-year charges for insurance amounted to \$5,186, whereas, according to Beaver-Elkhorn's 1984 Annual Report, insurance expenses for that calendar year only amounted to \$1,864.

4. Is the comprehensive business policy a new policy? Also, provide a listing of all that is covered by the policy.

5. Provide complete details of any costs incurred during the test period due to natural calamities. Please review all accounts affected by such an event and provide a list of any expenses related to same.

6. With regard to Account No. 620--Operation labor, provide an explanation as to why test-year charges to that account amounted to \$33,123, whereas, according to Beaver-Elkhorn's 1984 Annual Report, charges for that calendar year to the same account amounted to only \$26,048.

7. With regard to Account No. 623--Operation Supplies and Expenses, provide an explanation as to why test-year charges to that account amounted to \$22,197, whereas, according to Beaver-Elkhorn's 1984 Annual Report, charges for that calendar year to the same account amounted to only \$12,868.

8. On page 5 of Beaver-Elkhorn's application filed July 31, 1985, the balance shown of a note payable to Kennoy Engineers, Inc., is \$60,324. Page 20 of the same application indicates total interest and principal payments of \$86,856 over a 5-year period to Kennoy Engineers, Inc. Has Kennoy Engineers, Inc., agreed to such a payback arrangement? Please provide a schedule of principal and interest requirements for the note payable to Kennoy Engineers, Inc.

9. Beaver-Elkhorn has based its revenue requirements on a 1.3X debt service coverage which it states was set out in its last rate case. However, page 5 of the Commission's Order of December 22, 1982, in Case No. 8576, Application of Beaver-Elkhorn Water District for Rate Increase, indicates that a 1.2X debt service coverage was allowed. Provide an explanation for this discrepancy.

10. Provide copies of itemized invoices for legal and accounting services incurred to date for this rate case.

11. Provide a copy of the contract for billing services. If no written contract exists, provide complete details of any oral agreement for such services.

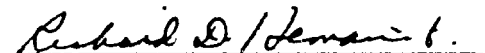
12. Provide a breakdown of charges to Account No. 930.02--Railroad Rent and an explanation of what these expenses represent.

13. Provide details of the item labeled "Loss on Sale of Land" which appears on the test-year operating statement. Also, provide an explanation as to why Beaver-Elkhorn does not consider this to be an extraordinary and non-recurring item.

14. With regard to the Bond Interest and Redemption Account and the Debt Service Reserve Fund, provide a list of all transactions concerning these accounts from December 31, 1983, through April 30, 1985, reconciling balances to both the 1983 Annual Report balance sheet and the April 30, 1985, balance sheet per the application. Also, please submit a breakdown of interest income earned for the test year, showing on which accounts the interest was earned.

Done at Frankfort, Kentucky, this 25th day of October, 1985.

PUBLIC SERVICE COMMISSION

  
For the Commission

ATTEST:

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Secretary